

CHAPTER 6

EVALUATIONS OF THE AHCCCS PROGRAM

AHCCCS has been evaluated by federal agencies, including the United States Government Accountability Office (GAO), private firms, and contractors hired by CMS. Reports have been positive and have praised various components of the program, including the quality of care and the overall cost-effectiveness when compared with traditional FFS programs in other states.

In addition, AHCCCS has received numerous commendations and awards over the years. Some of these include the Leadership Award for Medical Quality from the American College of Medical Quality, a Health Care Financing Association (HCFA) National Customer Service Award for collaboration with Native Americans, the Council of State Government Award for Eligibility Fraud Prevention Program, and *Health Affairs* cited AHCCCS as one of the few prudent purchasers of health care in the nation.

AHCCCS has also been looked to as a model for others across the nation. The agency was recently asked to present testimony before Congress on methods to improve the management of Medicaid and health care programs. On May 9, 2005, Anthony Rodgers, the Director of AHCCCS, made a presentation on the success of AHCCCS to staff of the United States House Energy and Commerce Committee. On June 22, 2005 he was invited to appear before the Health Subcommittee to testify about AHCCCS' success related to "Medicaid Prescription Drugs: Examining Options for Payment Reform." While the presentation was focused on Arizona's management of the prescription drug benefit, testimony was solicited on a variety of other successes accomplished by the agency. On October 27, 2005, Director Rodgers was invited to share Arizona's successful results with the Medicaid Commission recently appointed by Secretary Leavitt. The agenda referred to Arizona's session as "Best Practices on Program Innovation Through an 1115 Waiver." The agency is proud that Arizona's model is looked to as a roadmap for success.

Another important measurement for CMS and other observers was the overall cost of the AHCCCS program when compared with traditional FFS programs in other states and the quality of care provided by the Nation's first statewide managed care program. The following reports, evaluations and surveys reinforce that managed care constrains costs without sacrificing quality of care.

1995 GAO Report

The GAO report in 1995 stated that Arizona's Medicaid program, operating under a waiver from certain federal requirements, has succeeded in containing costs while providing beneficiaries access to what State officials and health providers describe as mainstream medical care. Arizona's AHCCCS program can serve as a model for other Medicaid programs. Rapid escalation in Medicaid costs has prompted many states to search for new ways to control spending, including moving more beneficiaries into managed care delivery systems. No state, however, is as advanced as Arizona in using market forces to control cost growth. Although each state Medicaid program is unique, states converting from a FFS to a managed care program can learn from Arizona's experience.

Auditor General Reports

Published in the last quarter of the federal fiscal year, the Arizona Auditor General reported results of five reports conducted during the year. Four Performance Audits were conducted measuring Medical Services Contracting, Division of Member Services, Rate Setting Procedures and Quality of Care. The fifth audit, the Sunset Review, provides information about the 12 Sunset Factors the Legislature is to consider in determining whether to continue the Arizona Health Care Cost Containment System (AHCCCS).

The Legislative Reference Committee responsible for recommending extension of the agency unanimously approved recommending that AHCCCS be extended for another 10 years.

The Committee not only recommended that the agency be continued, but also added a formal commendation to the agency for its effective service to the public. The report indicates a continued need for AHCCCS, notes that AHCCCS has met its overall objective and purpose and summarizes the four performance audits conducted on AHCCCS that identify opportunity for improvement.

ACUTE CARE EVALUATIONS

Laguna Research Associates' Final Report, published in February 1996, included the following findings for the acute care program:

- Review of the mature AHCCCS acute care program (years 6-11) indicates continued success for the program.
- Cost savings are increasing, the market place is getting more competitive, utilization of services is appropriate and management information system development has stabilized.

As Americans today look for ways to rationalize the delivery of medical care services, capitation appears to demonstrate one viable option. Findings from the evaluations of the AHCCCS programs have indicated success in delivering services statewide to Medicaid eligibles of all eligibility groups.

In July 1996, the **Kaiser Family Foundation** produced *The Arizona Health Care Cost Containment System: Thirteen Years of Managed Care in Medicaid*, which was based on CMS contracted reports produced by Stanford Research Institute (SRI) and Laguna Research Associates. The report highlights areas where states which are implementing programs similar to the AHCCCS acute care program and ALTCS program should focus their attention.

Two of the findings of the report were:

- The experience of AHCCCS demonstrates that capitated Medicaid can be successful in providing high quality, accessible care of costs lower than traditional Medicaid to beneficiaries of all eligibility groups in both urban and rural areas.
- AHCCCS saves money overall even though its administrative costs are higher; states should look beyond the initial investment and higher operating expenses toward future overall cost savings and more effective program management.

The cost effectiveness of the AHCCCS program has been well documented, but less systematic research has been done on quality of care, including members' satisfaction with the program. To make sure that Health Plans are evaluated on other factors in addition to cost, AHCCCS places a high priority on quality monitoring. In an effort to determine the quality of acute care from the perspective of AHCCCS members, AHCCCS conducted telephone interviews of more than 14,000 members to gather information for the first general member survey of its type, the 1996 Member Satisfaction Survey.

The survey provided considerable insight into member satisfaction as evidenced by the following results:

- 75 percent of respondents gave a rating of "good" or "very good" in six areas that were identified to summarize the overall quality rating of the program.
- Office nurses and primary care providers were viewed by the respondents as being the most courteous and respectful with 89 percent of respondents giving the highest rating.
- Over 87 percent of the respondents rated the availability of appointments, whether for checkups or illness, as being satisfactory or very satisfactory.

ALTCS EVALUATIONS

The success of the ALTCS program rests principally on the cost effectiveness of quality HCBS and an effective PAS process that ensures persons who become eligible for ALTCS are at risk of institutionalization.

In 1992, William Weissert, Ph.D. completed a CMS-funded evaluation of HCBS cost-effectiveness in the ALTCS program. As a result of the Weissert study, CMS removed the HCBS cap on enrollment. However, as a condition of removing the HCBS cap, AHCCCS was required to conduct a cost-effectiveness study of HCBS as a follow-up to the earlier study. As anticipated by AHCCCS, Dr. Weissert's conclusions were the same in 1998 as they had been in 1992.

- The ALTCS program appears to be maintaining eligibility standards at about the level they were during the program's early years. This analytical approach demonstrated cost-effectiveness then and it again shows cost-effectiveness now.
- In spite of the fact that a higher HCBS cap is in place, the present study did not find evidence to support the assumption of a woodwork effect large enough to offset savings from substitutions of HCBS for nursing facility care.

The Final Report completed by Laguna Research Associates in February 1996 summarized their evaluations of the AHCCCS program by saying:

- Both the AHCCCS acute care program and ALTCS seem to be successful in producing cost savings.
- Cost of the program as compared to a traditional Medicaid program is 7 percent less per year for the acute care program averaged over the first 11 years of the program, and 16 percent less per year for the long-term care program for its first five years.

A historical snapshot for each year of the AHCCCS programs from 1982 to present is available in Appendix V. Each year displays the highlights and major program and administrative changes for the acute care, ALTCS, KidsCare and other AHCCCS programs. Expenditure figures by funding source and 1115 waiver highlights are also provided in Appendix IV.

SURVEYS

Member Satisfaction Surveys

In the Spring of 2006, members will be asked to participate in a survey related to AHCCCS.

Provider Satisfaction Surveys

In the Spring of 2006, providers will be asked to participate in a survey related to AHCCCS.

TOP SIX ACCOMPLISHMENTS AT AHCCCS DURING RECENT YEARS

1. **KidsCare.** Arizona's implementation of the State Children's Health Insurance Program (SCHIP), has made it possible for many previously uninsured children in Arizona to receive health care. In addition to those who qualify for KidsCare, many of the applicants and their parents are found to be eligible for the regular AHCCCS program. All children regardless of which program they joined, with the exception of Native American children who choose to receive services through the Indian Health Service on a fee for service basis, receive the same care because it is all delivered through the AHCCCS system of Health Plans. The income limit is set at 200 percent of the federal poverty level, or \$3,225 a month for a typical family of four.
2. **Proposition 204.** This proposition was passed by Arizona voters in 2000 and was implemented under AHCCCS a year later. It raised eligibility limits for some categories under AHCCCS and has

made it possible for many members to receive health care. AHCCCS eligibility categories that had income limits below the federal poverty level were raised to that level and those above the poverty level – such as KidsCare and SOBRA pregnant women – were not affected. The federal poverty level for an individual is currently \$798 per month and for a family of four it is \$1,613 a month. Implementation of Prop. 204 required an extensive commitment of resources at the agency, but implementation went smoothly and the program has been a significant success.

3. **HAPA, the Hawaii project.** The project between Arizona and Hawaii allows the two states to share database information and resources, thereby providing better service to the people of each state. HAPA stands for Hawaii and Arizona PMMIS Alliance. The PMMIS (Prepaid Medical Management Information System) is AHCCCS' comprehensive computer system designed specifically for Arizona's managed-care Medicaid program. Under the agreement, Hawaii would be able to use the PMMIS for its own Medicaid program and bear most of the expense of the project, also sharing the cost of improvements to the system.
4. **Web Technology.** Two major projects fall under this category: The Health-e-Arizona project and the Provider Web Project. Health-e-Arizona is a web-based application designed to interview and screen applicants for Medicaid, KidsCare and community-based health care programs. It offers English and Spanish versions in an application that is fully compliant with ADA. It is a partnership between AHCCCS, the Arizona Department of Economic Security (ADES) and the Community Health Centers Collaborative Ventures Inc. Health-e-Arizona users include Arizona FQHCs, several hospitals, other health care clinics, and a variety of agencies. Once potential eligibility for Medicaid or KidsCare is identified, imaged documentation of eligibility and electronic signatures are forwarded through the web site to the appropriate Medicaid and/or KidsCare offices. ADES is currently working with its partners to add screening for Food Stamps and TANF.

The Provider Web Project is a pilot project using a website that allows AHCCCS providers to verify member eligibility and enrollment electronically. It is yet another alternative providers can use for eligibility verification rather than calling by telephone.

5. **Quality Initiative.** The AHCCCS Quality Initiative effort establishes a strategic plan to set a policy agenda, specific goals, and performance measures for the agency. The agency strengthened its strategic planning effort and quality initiatives in an effort to develop a disciplined approach to the way the agency does business, using tools that are universally understood so the agency's outputs could achieve a greater level of quality. For example, AHCCCS has identified oral health as a performance measure area. The AHCCCS rate of Medicaid-eligible children ages 3-20 years who had at least one dental visit within the most recent measurement period was 53.9 percent. This result is an accomplishment that places AHCCCS just below the HEDIS 90th percentile rate for Medicaid plans. This result is also a great improvement when compared to the 1996 rate of 31.8%.
6. **Improved Immunization Rates.** The monitoring of AHCCCS immunization rates is critical to identify undervaccinated populations and increase coverage levels, both in children and adults. For children enrolled in managed care plans, nine of 10 immunizations evaluated by AHCCCS and recommended by the Centers for Disease Control Prevention have shown improvement. They include immunizations for diphtheria, tetanus, measles, mumps and rubella, among others. Immunizations and pneumococcal vaccination under ALTCS have also shown improvement. All seven ALTCS Program Contractors attained rates above the AHCCCS performance standard (APB) for influenza immunizations in HCBS settings, and six obtained ratings above the APB in nursing facility settings. For pneumococcal vaccinations, six contractors were above the APB in HCBS settings and five attained this rating.

